

notes by private bankers was not forbidden until the Bank Act of 1844, but their use gradually diminished as the greater convenience of checks came to be understood. The Act of 1742 would probably have prohibited joint stock banks of discount and deposit, if it had been supposed that they could be carried on without the issue of notes, but note issues were then regarded as a necessary part of successful banking.

The Bank of England had to face serious financial crises in 1772, 1782, and 1792. Their policy in 1772 and 1782 was to support credit and to make advances to solvent merchants, with the result that the foreign exchanges turned in their favor and general bankruptcy was avoided. Mr. Bosanquet was Governor of the bank and he adopted the policy of contracting issues while the drain of specie was going on and expanding them when the tide turned. The crisis of 1793 was precipitated by the breaking out of war with France, and was quickly followed by the stoppage of about one hundred country banks and the serious embarrassment of many others. The directors of the bank became alarmed, refused credit to strong houses and created a great scarcity in the circulating medium by the discredit cast on the notes of the country banks. The policy of contracting issues was not justified by the state of the exchanges, for gold and silver were pouring into England from France in consequence of the issue of the *assignats*, which rapidly drove coin out of circulation, and exchange was favorable with both Amsterdam and Hamburg. The absolute refusal of the bank to lend its support to credit compelled the issue of Exchequer bills by the government, which quickly improved the situation.

The long suspension of specie payments during the wars with France was brought about by the reckless and unscrupulous course of Mr. Pitt, who dictated the entire policy of the government. The relations of the bank with the government had grown closer from year to year since 1718, when subscriptions to public loans were first received there, as affording greater convenience than the Treasury.